



Auston G. Johnson, CPA
UTAH STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

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REPORT NO. 05-12

December 12, 2005

Leonard M. Blackham, Commissioner
Department of Agriculture and Food
350 North Redwood Road
Salt Lake City, Utah 84116

Dear Mr. Blackham:

We have completed our audit of the financial statements of the State of Utah for the year ended June 30, 2005. Our report thereon, dated October 28, 2005, was issued under separate cover. We have not yet completed the statewide federal compliance audit for the year ended June 30, 2005. Our report on the statewide federal compliance audit for the year ended June 30, 2005 should be issued by April 2006. Any additional findings relating to the Department of Agriculture and Food (the Department) which result from the completion of the federal compliance audit will be issued to you as a supplement to this letter.

In planning and performing our audits, we considered the Department's internal control over financial reporting and administration of major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on the State's financial statements and on the State's compliance with the requirements of its major programs and not to provide assurance on internal control. We noted a certain matter involving the Department's internal control over financial reporting and administration of federal programs that we consider to be a reportable condition. This condition is identified in the accompanying finding and recommendation and is not believed to be material weaknesses.

Reportable conditions are defined as matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting and compliance that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants.

This report by its nature focuses on exceptions, weaknesses, and problems. This should not be understood to mean there are not also various strengths and accomplishments. Our consideration of

the internal control over financial reporting and administration of federal programs would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses, particularly since our review was based on our audit of the State as a whole.

This report is intended solely for the information and use of the Department and is not intended to be and should not be used by anyone other than this specified party.

We appreciate the courtesy and assistance extended to us by the personnel of the Department during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please call Joe Christensen, Deputy State Auditor, at (801) 538-1354.

Sincerely,

Auston G. Johnson, CPA
Utah State Auditor

cc: Renee Matsuura, Director of Administrative Services

DEPARTMENT OF AGRICULTURE AND FOOD

FINDING AND RECOMMENDATION FOR THE YEAR ENDED JUNE 30, 2005

SEPARATION OF DUTIES WEAKNESS (Reportable Condition)

Federal Agency: **various**

Federal Award Number: **various**

CFDA Number and Title: **various**

Questioned Cost Amount: **\$0**

Pass-through Entity: n/a

As part of our annual audit of State payroll expenditures, we reviewed the reports associated with 42 payroll expenditures to ensure that they were properly reviewed, approved, and retained. For the one expenditure selected from the Department of Agriculture and Food (the Department), we noted that an individual who has the ability to enter time into the SAP Payroll System (the System) also reviewed and approved one or more of the Payroll Management Reports (“Time Summary,” “Time Edit,” “Payroll Results Edit,” and “Time Entered After Cutoff” reports). A separation of duties weakness exists when the same individual has the ability to enter time into the System and also reviews and approves required payroll reports. State Accounting Policies and Procedures (FIACCT 11-17.00) require a manager or supervisor other than the time entry operator to review and approve certain payroll reports each pay period to ensure the accuracy of the payroll transactions entered into the System. Inadequate separation of duties could allow errors or misappropriations related to payroll expenditures to occur without detection.

Recommendation:

We recommend that all required payroll reports at the Department be reviewed and approved by managers or supervisors who do not have the ability to enter time into the System in accordance with State Accounting Policies and Procedures.

Department’s Response:

The weakness that was found was based on an individual who has the ability to enter time into the SAP Payroll System, and also review and approve one or more of the Payroll Reports. Our department is a small agency with limited resources, and the individual in question was a backup to the Director of Administrative Services, and they only reviewed and signed off on an occasional or as needed basis. We have taken the recommendation of your office and corrected that finding to have the Budget and Accounting Supervisor be the backup to the Director of Administrative Services.

Contact Person: Renee Matsuura, Director of Administrative Services, (801) 538-7110

Correction Date: October 2005